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INFO RUEATRS/DEPT OF TREASURY WASHINGTON DC
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SIPDIS

STATE FOR WHA/CEN, EB/IFD/OIA AND L/CID
STATE FOR WHA/EPSC
STATE PLEASE PASS TO USTR
TREASURY FOR INL AND OWH

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TAGS: [EINV](#) [ECON](#) [USTR](#) [KIDE](#) [NU](#)
SUBJECT: NICARAGUA: GON TO RESOLVE PROPERTY CLAIMS WITHIN TWO YEARS

REF: A) MANAGUA 2324, B) MANAGUA 2442, C) MANAGUA 2494, D) MANAGUA 2006

SUMMARY

¶1. (SBU) During a December 10 meeting with the DCM, Property Superintendent Yara Perez made clear the Government of Nicaragua's intent to resolve U.S. citizen property claims and other claims via its own timeline and criteria. Perez repeated her allegations that some U.S. citizen claimants lacked evidence for their cases and that they had engaged in "improprieties" to gain compensation from previous governments, but she failed to provide evidence to support her accusations. She clarified that the GON will prioritize the claims of those who were U.S. citizens before the Sandinista revolution over those who became U.S. citizens after the revolution. The DCM pressed for more communication between the Embassy Property Office and the GON, but Perez only committed to meet directly with U.S. citizen claimants. We will continue to pressure all levels of the GON to engage with us constructively to resolve the outstanding property claims of all U.S. citizens. End Summary.

GON INTENT ON RESOLVING CLAIMS BY ITS OWN TIMETABLE...

¶2. (SBU) In his December 10 meeting with Property Superintendent Yara Perez Colero, the DCM emphasized that the resolution of U.S. citizen property claims is an important issue in our bilateral relations that receives significant attention at the highest levels of the United States Government (USG). A key consideration in the USG's annual decision whether to waive Section 527 of the Foreign Relations Authorization Act of 1994 and 1995--which prohibits USG assistance to foreign governments that have not compensated U.S. citizens for confiscated property--has been the demonstrated effort the Government of Nicaragua (GON) has put forth to resolve outstanding claims. The DCM noted that the Government of Nicaragua (GON) has resolved only nine cases so far this waiver year, compared to 38 cases during the 2006-07 waiver year and 86 cases during the 2005-06 waiver year.

¶3. (SBU) Perez said it is the GON's intention to resolve all remaining property claims within two years. She explained that with President Ortega taking office in January 2007, officials in the National Confiscations Review Commission (CNRC) and the Office of Assessment and Indemnification (OCI) have needed time to review past claims. Perez acknowledged that the Embassy Property Office has registered over 600 outstanding property claims, to which the Office of the Attorney General has given priority. She claimed that the CNRC and OCI have worked on 85 Embassy-registered cases this year and will pick up the pace in 2008. The DCM cautioned that some claims require more time to resolve and that the GON should give

these cases the necessary attention, without imposing an arbitrary time limit, to ensure a fair resolution.

...AND ACCORDING TO ITS OWN STANDARDS

¶4. (SBU) The DCM asked Perez to explain how the GON arrives at so-called "no ha lugar" decisions. Perez said the GON rejects claims when claimants (a) cannot prove they had owned the property in question, (b) cannot prove that the GON had ever expropriated the property, and/or (c) did not provide the necessary paperwork to settle a claim. She noted that some U.S. citizen claimants have not provided any information in the last 8-10 years, and that these inactive claims will be closed. In addition, Perez alleged that some U.S. claimants had received more compensation than they deserved because they had overvalued their assets. In other cases, some U.S. citizen claimants had recovered their property and still managed to receive indemnification bonds (BPIs), constituting double restitution. Perez cautioned that the Ortega administration would not tolerate corruption and would resolve cases according to the law.

¶5. (SBU) The DCM responded that these are complex, sensitive cases that require additional time and cooperation between the Embassy Property Office and the GON to resolve. The DCM asked Perez to provide information about dismissed claims and evidence of alleged improprieties to the Embassy Property Office. The DCM reiterated the importance of more communication and cooperation between the Property Office and GON not only to solve claims, but to help provide explanations about dismissed cases to U.S. citizen claimants, the Department of State, and the U.S. Congress.

GON DIFFERENTIATES BETWEEN AMCITS WHO WERE CITIZENS BEFORE AND AFTER THE SANDINISTA REVOLUTION

¶6. (SBU) The DCM challenged the GON's new policy of prioritizing the resolution of claims by U.S.-born citizen over those of naturalized U.S. citizen claims. Perez reiterated that the claims of those who were U.S. citizens before the Sandinista revolution would be prioritized over those who became U.S. citizens after the revolution. She argued unconvincingly that prioritizing the claims of those who were U.S. citizens before 1979 was an administrative decision and not a policy change. The DCM answered that the U.S. Government would continue to press for the resolution of all U.S. citizen claims Note: This preference based on citizenship at the time of the revolution is the latest iteration of a policy that first prioritized those who were U.S. citizens at the time of expropriation over those who gained citizenship after expropriation. Perez later changed this to prioritizing natural born U.S. citizens over naturalized U.S. citizens (Ref A). End Note.
MORE CONTACT TO RESOLVE CLAIMS

¶7. (SBU) Throughout the meeting, the DCM pressed Perez to communicate more frequently with the Property Office to facilitate the resolution of claims. The DCM noted that the USG and GON share a mutual interest in resolving Embassy-registered U.S. citizen claims. He emphasized that to achieve this goal, it is important that the Embassy Property Office and GON work together to ensure that cases are resolved in a fair and transparent manner. Perez was reluctant to commit to direct contact with the Property Office. She was willing to meet directly with U.S. citizen claimants. The DCM emphasized that unless the Embassy and GON work together to resolve these outstanding claims, these cases will remain a point of contention in our bilateral relations.

COMMENT

¶8. (SBU) The DCM's meeting with Property Superintendent allowed us to convey to the GON that the Embassy will remain fully committed to resolving U.S. citizen property claims. In our recent interactions with GON officials, they have emphasized that the Ortega administration is intent on closing all remaining property cases within two years. As we move toward 2008 and the midpoint of the waiver year, we will press at all levels of the GON to engage with us constructively to resolve the outstanding property claims of all U.S. citizens. End Comment.

